

FISCAL NOTE

HB 2253 - SB 2196

February 27, 2007

SUMMARY OF BILL: Authorizes the Department of Transportation (TDOT) to award contracts using a design-build procedure. Authorizes TDOT to award stipulated fees to the design-build firms that submit responsive proposals but are not awarded the design-build contract. Authorizes TDOT to establish agency policy and/or promulgate rules and regulations in accordance with the Uniform Administrative Procedures Act.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The fiscal impact of this bill is dependent upon any cost savings that may accrue to the state as a result of awarding design-build contracts in lieu of design-bid-build contracts. Based on the FHWA study, the state could save up to \$2,000,000 in Highway Fund monies for every \$100,000,000 project undertaken with a design-bid contract.

Assumptions:

- A “design-build” contract means an agreement that may include, but not be limited to the design, right-of-way acquisition, and/or utility relocation, along with the construction of a project by a single entity.
- The design-build contract may also provide for the maintenance, operation, and/or financing of the project.
- The agreement may be in the form of a design-build contract, a franchise agreement, or any other form of contract approved by TDOT.
- Selection criteria shall include the cost of the project and may include design-build firm qualifications, time of completion, innovation, design and construction quality, design innovation, or other technical or quality related criteria.
- According to TDOT, design-build contracts reduce the time required for projects, but do not affect the total cost of the projects.
- Based on a U.S. DOT Federal Highway Administration (FHWA) study, the duration of design-build projects were 14% less than design-bid-build projects and total cost could be less by up to 2%.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director